

INVESTMENT POLICY TOWN OF EASTCHESTER, NEW YORK

I. SCOPE

This investment policy applies to all moneys and other financial resources available for investment on behalf of the Town of Eastchester, New York

II. OBJECTIVES

The primary objectives of the Town's investment activities are legality, safety, liquidity, and yield, as follows:

- To conform with all applicable federal, state and other legal requirements;
- To adequately safeguard principal;
- To provide sufficient liquidity to meet all operating requirements; and
- To obtain a reasonable state of return

III. DELEGATION OF AUTHORITY

The governing board's responsibility for administration of the investment program is delegated to the Town Comptroller who shall establish written procedures for the operation of the investment program consistent with the investment guidelines. The Comptroller shall be responsible for establishing and maintaining internal controls to provide reasonable assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

IV. PRUDENCE

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the Town of Eastchester to govern effectively.

Investments shall be made with judgment and care, with primary consideration for the safety of principal, while aiming for sufficient liquidity to meet the Town's obligations and attain a reasonable rate of return.

All participants involved in the investment process shall refrain from person business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

V. DIVERSIFICATION

It is the policy of the Town of Eastchester to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

VI. DESIGNATION OF DEPOSITORIES

The banks and trust companies authorized for the deposits of moneys, including certificates of deposit, up to the maximum amounts shown, are:

<u>Depository Name</u>	<u>Maximum Amount</u>
JP Morgan Chase	\$50,000,000
NY CLASS	\$65,000,000
M & T Bank	\$65,000,000
TD Bank	\$10,000,000
Flagstar Bank	\$65,000,000
NYLAF	\$50,000,000
Customers Bank	\$50,000.000

VII. PERMITTED INVESTMENTS

As authorized by General Municipal Law, §11, the Town Board of the Town of Eastchester authorizes the Comptroller to invest moneys not required for immediate expenditure for terms not to exceed projected cash flow needs in the following types of investments:

1. Special time deposit accounts in a bank or trust company authorized to do business in New York State;
2. Certificates of deposit issued by a bank or trust company authorized to do business in New York State;
3. Obligations of the United States of America;
4. Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America;

5. Obligations of the State of New York;
6. Repurchase agreements of obligations listed under (3) and (4) above, subject to the following restrictions:
 - a) All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
 - b) Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
 - c) No substitution of securities will be allowed.
 - d) The custodian shall be a party other than the trading partner.

VIII. COLLATERALIZING OF DEPOSITS AND INVESTMENTS

In accordance with the provisions of General Municipal Law, §10, all deposits of the Town of Eastchester, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

1. By a pledge of “eligible securities” with an aggregate market value as provided by GML §10, equal to the aggregate amount of deposits from the categories designated in Exhibit A to this policy.
2. By an eligible “irrevocable letter of credit” issued by a qualified bank, other than the bank with the deposits in favor of the Town for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
3. By an eligible surety bond payable to the Town for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, in any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

IX. SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by the depository or a third party bank or trust company subject and custodial agreements.

The Security agreements shall provide that eligible securities are being pledged to secure the Town's deposits with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events that will enable the Town to exercise its right against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Town, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Town of Eastchester or its custodial bank.

Custodial agreements shall provide the securities held by the bank or trust company, or agent of and custodian of, the Town, will kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any deposit or other liabilities. The agreement should also describe the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Town a perfected interest in the securities.

X. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Town of Eastchester shall maintain a list of financial institutions and dealers approved for investment purposes and establish appropriate limits to the amount of investments that can be made with each financial institutions or dealer. All financial institutions with which the Town conducts business must be credit worth. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Town of Eastchester. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

XI. PURCHASE OF INVESTMENTS

The Town of Eastchester will encourage the purchase of certificates of deposit through a competitive or negotiated process involving telephone solicitation of at least four bids for each transaction.

The Comptroller is authorized to contract for the purchase of securities:

1. Directly, including through a repurchase agreement, from an authorized trading partner.
2. By participation in a cooperative investment program with another authorized governmental entity pursuant to Article 5G of General Municipal Law where such program meets all requirements set forth in the Office of the State Comptroller's Opinion No. 88-46, and the specific program has been authorized by the governing board.

All purchased obligations, unless registered or inscribed in the name of the Town, shall be purchased through, delivered to and held in the custody of a bank or trust company.

Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Town of Eastchester by the bank or trust company. Any obligation held in the custody of a bank or trust company shall be held pursuant to a written custodial agreement as describe in General Municipal Law, §10.

EXHIBIT A

Schedule of Eligible Securities

- (i) Obligation issued, or fully insured or guaranteed as the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation.
- (ii) Obligations issued or fully guaranteed by the International Bank of Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank.
- (iii) Obligations partially insured or guaranteed by any agency of the United States of America, at a proportion of the market value of the obligations that represents the amount of the insurance or guaranty.
- (iv) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation of such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.